

9 February 2023

Global Markets Research

Daily Market Highlights

9 Feb: Hawkish Fed chorus weighed down on stocks

DXY edged up 0.1% to 103.47; UST yield pulled back

US mortgage applications rose 7.4% as rates fell

Oil prices rose for third day on rebounding demand amongst US refiners

- A selloff in technology stocks weighed down on trading as Fed officials keep up calls for further rate hikes. The S&P fell 1.1% d/d, wiping off Tuesday's rally, while the Nasdaq underperformed with a whopping 1.7% d/d loss. Alphabet was down 7.7% d/d on concerns that its new AI chatbot Bard may yield inaccurate responses. Dow Jones also fell, but at a slower pace of 0.6% d/d. In Europe, both the Stoxx 600 and FTSE 100 closed 0.3% d/d higher, while in Asia, Nikkei 225 fell 0.3% d/d, dragged down by declining shares of Sharp, Nintendo and Softbank. Hang Seng also slipped marginally by 0.1% d/d.
- Treasury yields pulled back as investors assessed the monetary policy outlook after Federal Reserve Chairman Jerome Powell's latest comment. The 10-year Treasury yield was trading at 3.62%, down by 6bps. The yield on the 2-year Treasury was also down by 4bps at 4.43%.
- The Dollar Index closed the day 0.1% d/d higher at 103.47 after slipping 0.3% earlier in the session. Greenback was mixed against its G10 peers, with commodity currencies predominantly weaker. EUR weakened slightly more than 0.1% d/d, while GBP strengthened 0.2% d/d. JPY and AUD depreciated 0.3% d/d and 0.5% d/d respectively against USD. CNH also traded 0.2% d/d weaker after comments from US President Joe Biden at the State of the Union as well as from President Xi Jinping on China's tech self-reliance. SGD was 0.1% d/d weaker against USD at 1.3261 while MYR strengthened slightly by 0.1% d/d to 4.2983.
- Oil prices rose for the third day amidst signs of rebounding demand amongst US refiners. Brent and West Intermediate Texas (WTI) gained 1.1-1.2% d/d each after a government's report showed refinery utilisations increased last week to the highest since last December. Price of gold, meanwhile, edged back up slightly by 0.2% d/d.

US mortgage applications rebounded to grow 7.4% as rates continue to fall

- Mortgage applications rose 7.4% w/w for the week ended Feb 3 (Jan 27: -9.0% w/w) as the 30-year fixed mortgage rate inched lower to 6.18%. As it is, the 30-year fixed rate is almost 100bps below its recent high of 7.16% in October 2022. Both purchase and refinance applications increased last week and have shown gains in three of the past four weeks because of the lower rates. Of note, the average loan size on a purchase application increased to \$428,500, the largest average since May 2022. This increase is a sign that the

Key Market Metrics

	Level	d/d (%)
Equities		
Dow Jones	33,949.01	-0.61
S&P 500	4,117.86	-1.11
NASDAQ	11,910.52	-1.68
Stoxx Eur 600	459.46	0.28
FTSE 100	7,885.17	0.26
Nikkei 225	27,606.46	-0.29
Hang Seng	21,283.52	-0.07
Straits Times	3,388.52	0.23
KLCI 30	1,470.75	-0.38
FX		
Dollar Index	103.47	0.13
EUR/USD	1.0712	-0.13
GBP/USD	1.2072	0.20
USD/JPY	131.40	0.25
AUD/USD	0.6925	-0.49
USD/CNH	6.7964	0.18
USD/MYR	4.2983	-0.10
USD/SGD	1.3261	0.14
Commodities		
WTI (\$/bbl)	78.48	1.15
Brent (\$/bbl)	85.02	1.11
Gold (\$/oz)	1,888.20	0.16
Copper (\$\$/MT)	8,921.50	0.17
Aluminum(\$/MT)	2,487.50	-1.85
CPO (RM/tonne)	3,885.00	1.57

Source: Bloomberg, HLBB Global Markets Research

recent upward trend in purchase activity remains skewed toward larger loan sizes and less first-time homebuyer activity.

- All stable in the wholesale segment, with inventories matching expectations to grow by 0.1% m/m in Dec (Nov: +0.1% m/m). Sales, meanwhile, was unchanged m/m (Nov: -1.4% m/m). As a result, the inventory to sales ratio remained stable at 1.36 (Nov: 1.36).

Japan's current account surplus narrowed on primary income

- Japan's current account surplus narrowed more than expected to ¥33.4bn in December (Nov: +¥1803.6b) as primary income halved to ¥1795.2bn (Nov: ¥3724.5bn). At ¥1.8 trillion yen however, this is the highest for the month of December since comparable data became available in 1985. Primary income surplus includes direct investments, and interest payments and dividends from past investments overseas. Trade deficit for goods, meanwhile, narrowed to ¥1225.6bn (Nov: ¥1537.8bn).
- Separate data showed that Eco Watchers Outlook Index rose more than expected to 49.3 in January (Dec: 46.8), with improvement seen across all sub-indices, while bank lending accelerated to 3.1% y/y in January (Dec: +2.7% y/y).

House View and Forecasts

FX	This Week	1Q-23	2Q-23	3Q-23	4Q-23
DX	102-105	101.4	100.9	99.9	98.9
EUR/USD	1.05-1.10	1.09	1.10	1.10	1.10
GBP/USD	1.18-1.23	1.22	1.23	1.23	1.23
USD/JPY	130-135	128	127	127	126
AUD/USD	0.67-0.72	0.69	0.69	0.70	0.71
USD/MYR	4.28-4.35	4.38	4.36	4.32	4.27
USD/SGD	1.30-1.35	1.32	1.30	1.28	1.26

Rates, %	Current	1Q-23	2Q-23	3Q-23	4Q-23
Fed	4.50-4.75	4.75-5.00	4.75-5.00	4.75-5.00	4.75-5.00
ECB	3.00	3.50	3.50	3.50	3.50
BOE	4.00	4.25	4.25	4.25	4.25
BOJ	-0.10	-0.10	-0.10	-0.10	-0.10
RBA	3.35	3.60	3.60	3.60	3.60
BNM	2.75	3.00	3.00	3.00	3.00

Source: HLBB Global Markets Research

Up Next

Date	Events	Prior
9-Feb	UK RICS House Price Balance (Jan)	-42%
	MA Foreign Reserves	\$114.9b
	US Initial Jobless Claims	183k
	US Continuing Claims	1655k
9-15 Feb	CH Aggregate Financing CNY (Jan)	1310.0b
	CH Money Supply M2 YoY (Jan)	11.80%
	CH Money Supply M0 YoY (Jan)	15.30%
	CH New Yuan Loans CNY (Jan)	1400.0b
	CH Money Supply M1 YoY (Jan)	3.70%
10-Feb	JN PPI MoM (Jan)	0.50%
	AU RBA-Statement on Monetary Policy	
	CH CPI YoY (Jan)	1.80%
	CH PPI YoY (Jan)	-0.70%
	MA GDP YoY (4Q)	14.20%
	UK Industrial Production MoM (Dec)	-0.20%
	UK Trade Balance GBP/Mn (Dec)	-£1802m
	UK GDP QoQ (4Q P)	-0.30%

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US U. of Mich. Sentiment (Feb P)	64.9
US U. of Mich. 1 Yr Inflation (Feb P)	3.90%
US U. of Mich. 5-10 Yr Inflation (Feb P)	2.90%

Source: Bloomberg

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